

# Realty Trust Review

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## BI-MONTHLY RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

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### PORTFOLIO ADVISORY: FINDING THE FEW OVER-RESERVED MORTGAGE TRUSTS AROUND

Another buying flurry struck the depressed mortgage trusts, triggered this time by a widely televised comment that reserves of mortgage trusts may be too high. The comment came on the nationally televised Wall Street Week program when Dr. Ira Cobleigh singled out Gulf Mortgage & Realty Investments as his favorite recovery candidate. Dr. Cobleigh, whose books include Happiness is a Stock that Doubles in a Year, has such a following that GMR shares leaped 63% in the first two trading days after.

But Dr. Cobleigh's track record in realty stock selection is mixed: his 1971 book All About Investing in Real Estate Securities reflected the bullishness then popular and only nodded at the risks most investors have learned first-hand. Still, his haunting proposition remains for all investors: Are the mortgage trusts over-reserved?

We think the judgment of a bank lender to REITs gives the best single answer: Most trusts are "reasonably" reserved. Moreover, he sees the middling to strong trusts getting better while the worst get worse. Some cogent reasons this is so:

--The strong get stronger because they have concentrated in standard income properties, generally well located, and mostly saleable or rentable. Thus if a builder-borrower was weak and could not carry the job through to completion, the trust could step in, take control via foreclosure or other route, clean up construction defects or deferred maintenance, and market the property. All this may take time -- two or three years is not uncommon -- but the total portfolio will improve in quality as occupancies and rents strengthen. Right now we see widespread evidence apartment and other rents are rising in many cities and much property is beginning to become economically viable -- hence saleable or mortgagable. Thus trust properties benefit from their existing debt leverage on the upside and reserves can become overstated fairly rapidly. A few trusts appear over-reserved on this basis and a few others are approaching that stage.

--The worst get worse precisely because they invested heavily in speculative

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properties: secondary home and resort communities, installment land sales projects, far-out unimproved urban fringe land, condos in cities without well-defined markets, etc. This is why we take such great pains to describe property mix in RELATIVE APPEAL RANKINGS. For them the new realities of an energy-short, water-short, environmentally protective society are bad news indeed. For them, converting dirt into marketable real estate is an uphill battle against anti-growth zoning, sewage and drainage unavailability, new Federal and state flood plain and coastal zone laws restricting building on many once-premium water-related sites, etc. Such portfolios rapidly become illiquid; most frequently such trusts are leveraged to their eyeballs and the reserves needed to carry such property to disposition many years away are so large they give the trust negative net worth. Many such trusts have reported large gains on swapping their better assets to banks but are still left with negative or nominal net worth and less attractive properties.

To reflect these very wide differences in property holdings and financial position, we've completely revamped our RELATIVE APPEAL RANKINGS to help you more and to convey where we see each trust's share price relative to its recovery progress and prospects. The new system is quite simple:

--All trusts, whether paying dividends or not, are now ranked 1 through 5 in terms of relative appeal for current purchase. This ends the previous system of assigning a No. 5 ranking to all non-dividend paying trusts. Now non-dividend payers are given a letter "N" with their ranking to flag their non-income status to you. All rankings carry risk, so please check our comments and qualifications.

In effect this new ranking system puts capital gains on a par with dividend income as an investment goal. We think this will serve most subscribers better. Unhappily, a good many trusts still fall into our No. 4 and 5 categories, reflecting our judgment that some trust shares are unsafe investments at any price, even for sophisticated investors.

Some trusts move up sharply in this new set-up, mainly smaller trusts whose compact portfolios benefit from improving real estate conditions. Maryland Realty is now ranked "2N," reflecting break-even operations in the Nov. quarter and lowering of nonearning investments from 59% to 37%. Lomas & Nettleton Mtg. jumps from No. 4 to 2 because a new look at longer-term earning power points to capital gains potential. Northwestern Mutual Life Mtg. moves to No. 2 because price seems more attractive. Both Henry S. Miller Realty & Virginia REIT go from No. 5\* to 2 on earnings turnarounds and dividend resumptons. Pacific Southern jumps from No. 4 to 2 because this improving situation with zero leverage should be an attractive buyout candidate.

Hospital Mtg. is upgraded from No. 4 to 3 because of low leverage and an improving trend. Both Property Capital Trust and Realty & Mortgage of the Pacific move from 3 to 2. PCT has repaid bank debt steadily and problems remain under control. RAMPAC's dividend was cut but operating earnings excluding extra items are improving. Property Trust of America bows as a No. 3, average. Finally, we see Dr. Cobleigh's favorite, Gulf Mtg. & Realty, as only average, No. 3N, because of overhanging debt maturity in February 1980.

TRUST NOTES: Chase Manhattan Trust begins offering 80% of par for its 7-7/8 senior notes due May 1, 1978. Current market is 83. CMR also hopes to raise \$275 million by swapping assets to banks, eventually slim bank debt from \$556 to \$175 million... IDS Realty Trust is taking a tough line with its banks in an effort to get them to take less than 100¢ on the dollar. It withheld \$15 million amortization due Feb. 28 and trustees, fearing personal liability, refuse to pledge assets to banks unless settlement is reached. March 18 is date for delivering collateral... Great American Mgmt. & Inv. is rethinking proposed offer of new preferred for three issues of defaulted debentures, fearing market may not be receptive... First Mtg. Inv. may offer about 50% of par in cash or stretch-out for 8½s maturing July 1, 1977.



## RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings mean:

- 1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
- 2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or resumed in 1-2 years.
- 3--Average appeal and market risk; Dividend fluctuates or resummptions possible longer term.
- 4--Below average appeal, high market risk; Dividend cuts or omissions possible.
- 5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.

NON-DIVIDEND paying trusts are not recommended for income investors, but may have special appeal as speculations upon dividend resumption, trust recovery, or price changes based on money market rates.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 4N-ALISON MTG (2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Self-admin. Port.: \$230M, 79% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: \$30M Neg. equity; \$172M credit at 1% minimum inter., to 10/77 initially, with contingent interest and asset pledge; \$18M of 8-3/4% sr. debentures tendered at 30. Results: Oct. Q nil v. d\$1.74. Bonds: Buy/Hold. Shares: Avoid; NYSE suspended.
- 4N-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$142M, 69% nonearning; 48% foreclosed; Mix: 27% condos, 19% land, 37% office & hotel, 10% apts. Financing: 6.8 leverage; \$93M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapped \$7M loans. Results: Dec. Q d12c after 16c swap gain v. d42c. Bonds: Speculative yield. Shares: Trading
- 4N-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$88M, 93% nonearning & reduced rate; 63% foreclosed; Mix: 33% condos, 31% land & devel., 14% apts. Financing: 12.5 leverage; \$60M credit to 4/30/77 at 2% inter. with contingent interest; repaid \$3M. Results: Oct. Q EPS d\$1.32 after 44c loss prov. v. d\$1.02 after 9c loss prov. Shares: Trading
- 5N-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 33% nonearning; Mix: 32% mortgages, 68% equity mainly hotels/motels Washington, D.C. area. Financing: 4.5 leverage; \$16.3M demand notes secured by asset pledge; SEC probe and suit; no auditor's opinion 1976. Results: Dec. Q EPS 9c after 29c bad debt recovery v. d23c. Bonds & shares: Avoid; ASE suspended
- 4-API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% by short-term loans. Results: Dec. Q EPS 5c v. 21c; CFS 8c v. 31c; Div. 10c unch. Shares: Let Nat'l may offer preferred for shares
- 4N-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$154M, 91% nonearning, 42% foreclosed; Mix: 54% condos, 24% land & devel., 15% apts. Financing: 6.0 leverage; \$101M credit at 1 1/2% cash inter. to 3/77 + 4-yr. contingent inter.; \$86M assets up for swaps. \$29M swapped. Results: Oct. FY EPS d\$2.02; Oct. Q d77c after 12c gain & 17c int. adjustment v. d82c before 95c gain. Bonds: Risky yield. Shares: Trading, play on Florida condo recovery
- 3N-ATLANTA NATL (4/15/4-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$36M, 71% nonearning; Mix: 23% medical, 25% condo, 20% apts. Financing: 1.2 leverage; \$15.6M credit at 132% of prime, assets pledged; Missed part of recent principal payments; Must li- quidate to repay debt by Jan.'78. Results: Nov. Q EPS d30c after 12c loss prov. v. d43c. Shares: Speculation on ability to liquidate near book
- 3-BAIRD & WARNR(2/11/7-ST mtg.-July FY) Port.: \$42M, 33% nonearning; 32% industrial, 17% condos, 15% apartments. Financing: 1.3 leverage; Bank lines cut \$15M to \$32M (\$14M borrowed). Dividends: Four 24c qtrly. from FY'76 income; FY'77 div. after end of year. Results: Jan. Q EPS 3c v. 13c after 17c gain. Converts: Speculative yield. Shares: Now long-term recovery potential.
- 3-BANKAMERICA RLTY(1/16/6-Eq.&Mtg.-July FY) Port.: \$248M, 29% nonearning; Mix: 54% mtgs., 46% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 3.5 leverage; \$63M comm. paper, \$46M bank notes, \$28M secured mtgs. Results: Jan. Q EPS 55c after 35c capital gain & no loss prov. v. 21c after 12c gain & no loss prov.; Div. 13c v. 10c. Buying 25T shs. Converts: For yield. Shares: Buy for recovery
- 4N-BARNES MTG (12/9/4-ST mtg.-Sep FY) VOTING NON-REIT POWER. Port.: \$103M, 61% nonearning; Mix: 47% condo, 24% land; 28% Puerto Rico, 36% Fla. Financing: 2.7 leverage; \$79M bank lines at 125% of prime, expired 7/30/76; Negotiating new credit. Results: Dec. Q EPS d31c v. d\$1.13. Shares: Trading or very long-term recovery
- 5N-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$156M, 93% nonearning; Mix: 38% condos, 18% apts., 18% land. Financing: \$16M neg. equity; \$84M credit at 1% + contingent inter.; Swapped \$66M more assets (total \$182M) but debt reduction goals in default; Subor. debt inter. unpaid since 9/76. Results: Dec. Q EPS d\$1.56 after 97c loss prov. v. d\$2.93 after 63c swap Bonds: In default; Avoid. Shares: Avoid
- 4N-BARNETT-WINSTON(8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$101M, 86% non- & low earn, 62% foreclosed; Mix: 38% apts., 31% land & devel., 11% condos. Financing: High leverage; \$31M credit to 6/77 at prime + 8-yr. contingent; Dec.'76 debenture int. unpaid. Results: Dec. Q EPS d67c no loss prov. v. d\$1.48 after 90c loss prov. & 34c gain. Bonds: In default; For swaps only. Shares: Avoid
- 4N-BENEF STD MTG(12/9/4-ST mtg.-July FY) NON-QUAL REIT. Port.: \$69M, 70% nonearn; 45% foreclosed; Mix: 30% land & devel., 19% condos, 12% motels. Financing: High leverage; \$41.4M revolver to 12/78 at 125% prime, with possible 4% forgiveness. Results: Oct. Q EPS d24c v. d\$1.53. Converts: Speculative yield. Shares: Trading
- 4N-BRT REALTY TR(12/10/3-Eq&Mtg-Nov FY) Port.: \$26M, 74% nonearning; Mix: 28% hotel/motel, 25% condos, 22% land & devel. Financing: 1.8 leverage; \$14.7M revolver at 125% of prime to 9/16/77. Results: Aug. Q EPS d35c after 11c loss prov. v. d35c. Shares: Long recovery
- 4N-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$152M, 65% nonearning, 28% foreclosed; Mix: 34% apts., 15% land, 10% nursing homes. Financing: \$5M neg. equity; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: Dec. Q EPS nil v. d\$2.70. Bonds: Speculative yield. Shares: Trading
- 5N-BUILDERS INV(6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Self-admin. Port.: \$391M, 92% nonearn: 44% condos & 1-family, 23% land & devel., 10% suspended projects. Financing: High leverage; \$373M debt restructured at 1% inter. to 9/77, higher after, with asset pledge & contingent inter. Results: Sep. FY EPS d\$4.92; Dec. Q \$6.10 after \$9.14 credit v. d\$4.57. Shares: Avoid
- 3N-CABOT C&F LAND (4/9/6-Subor. land-May FY) CAN END REIT. Self-admin. Port.: \$245M, 68% non- & 6% low earning; 51% foreclosed; 28% undevel. land, 72% completed props.; 16% office, 31% apts. Financing: 8.4 leverage; \$109M bank debt at 5% + cont. int. if earned @ 1/2% over prime to 5/78. Results: Nov. Q 60c after 75c adjustments & 14c gains v. 23c after 27c gain. Bonds & shares: Avoid
- 4N-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$147M, 37% nonearn, 46% low-earn; 51% foreclosed; 35% apts., 27% land & devel., 18% condos. Financing: 5.4 leverage; \$106.1M credit at 3% min. int.expired 4/1/76 & extension & default waivers sought. Results: Sept. Q EPS d85c v. d75c. Shares: Trading buy if credit signed



## RELATIVE APPEAL RANKING - Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 4N-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-QUAL REIT. Port.: \$126M, 71% nonearn, 47% foreclosed; Mix: 30% land, 28% condos; 55% Md. & Vir. Financing: High leverage; \$80M credit at 2% min. inter. retroactive to 2/1/76 signed, ending 3/77, with contingent inter. to 1983. \$14M swapped. Results: Dec. FY EPS d38c; Dec. Q EPS d48c v. d33c. Converts: Spec. yield. Shares: Trading only
- 3N-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$32M, 40% nonearn, 42% low-earn; 29% land acqui., 26% apts., 20% comcl. & indust. Financing: 2.0 leverage; \$23M credit with banks, at 117% of prime rate. Results: Dec. Q EPS d41c after 36c loss prov. v. d44c after 43c loss prov. Shares: Hold for long-term recovery
- 5N-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: \$848M, 63% nonearn, 16% foreclosed; Mix: 21% land & devel.; 19% condos, 20% office, 16% shop. ctrs. Financing: \$57M Negative equity; \$761M credit at 2% inter., with contingent inter. to 1983-87; Ends 6/30/77 but extended if prin. repayments made; Plans \$275M swaps. Results: Nov. Q EPS 82c after 88c gain v. 85c after 86c gain. Bonds: Cash tender for 7-7/8% sr. notes to be made at \$80, swap on others. Shares: Trading
- 4N-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$289M, 93% nonearn., 35% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: \$2.5M Neg. equity; \$235M credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; contingent inter. to 1985; all assets pledged; \$39M swaps closed. Results: Oct. Q EPS d\$1.02 after 62c Loss prov. & 17c gain v. d92c after 73c loss prov. SEC probe continues. Shares: Trading only
- 2N-CI REALTY INV (10/8/6-Equity-Feb FY) NON-QUAL REIT. Port.: \$140M, 7% nonearn, 6% foreclosed; Mix: 87% ownership, 7% mtgs.: 57% apts., 29% office. Financing: 2.4 leverage; \$103M debt is \$74M mtgs. on property, \$28M bank credit to 6/1/77 at 130% of prime. Sold apts. to repay banks. Results: Nov. Q EPS d6c after 3c gain v. d7c; CFS 16c unch. SEC probe cont. Shares: L/T recovery; buyout
- 3N-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30% office, 28% 1-family. Financing: 0.6 leverage; \$2.1M (at 9/76) notes at prime to 3/77 when back inter. due. Results: Sept. Q EPS d7c v. 5c. Shares: Limited interest
- 5N-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$505M, 69% nonearn; Mix: 23% condos, 22% land, 23% apts.; 47% Ga., 20% Fla. Financing: \$34M neg. equity; \$359M credit at 1% cash inter. to 9/78, + contingent inter. to 1985. May miss 4/77 debenture int. Results: Dec. Q EPS \$1.57 after \$5.02 swap gain v. d\$9.47. Bonds: Buyout speculation. Shares: Avoid or trade
- 4N-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$37M, 24% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.1 leverage; \$9M credit at 6% with contingent inter. & assets pledged; interest default and talking with banks. Results: July Q EPS d64c after 12c loss prov. & 4c capital loss v. d78c after 31c loss prov. Shares: Avoid for now
- 5N-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL REIT. Port.: \$83M, 76% nonearn; 63% foreclosed; Mix: 26% land & devel., 23% condos, 20% apts. Financing: \$16M neg. equity; \$60M term loan expired 10/76, 2% inter., plus contingent inter.; Swapping assets; Subor. notes inter. missed 10/15/76. Results: Sept. Q EPS d\$1.89 after \$1.10 loss prov. v. d87c after \$1.06 loss prov. Bonds: In default; Swapout speculation. Shares: Avoid
- 2N-CLEVETRUST RLTY (2/11/7-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$113M, 45% non & 17% low earn; Mix: 56% equity. 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.8 leverage; \$63.8M two-yr credit at prime but not over 7½%; contingent inter. for 4-6 yrs. Results: Dec. Q EPS d18c v. 15c after 25c gain. Shares: Hold for long-term recovery
- 4N-COLWELL MTG(2/13/6-ST mtg.-Dec FY) VOTED NON-REIT. Port.: \$177M, 33% nonearn, 16% low, 36% foreclosed; 41% apts., 13% hotel/motel, 11% shop. ctrs. Financing: High leverage; \$120M credit at 2% cash inter. + cash flow + contingent inter; denied power to pledge assets. Missed 3/77 debenture inter. Results: Sept. Q EPS d\$1.51 after \$1.60 loss prov. Bonds: High risk buy; Noteholder committee formed. Shares: Avoid; NYSE suspended
- 2 -CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$355M, 7% nonearn, 4% low; 8% foreclosed; 34% regional shop. ctrs., 30% apts., 15% indust., 10% office. Financing: 2.3 leverage; \$248M debt is 17% comm. paper, 6% ST bank loans, 30% LT loans, 15% mtgs., 31% converts. Results: Dec. Q EPS 32c v. 29c; CFS 40c v. 36c; Div 40c unch.; Sponsor may buy shares. Converts: Low, safe yield. Shares: Hold long term
- 3 -CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$142M, 0 nonearning; 70% apts. with 6,253 units, 15% shop. ctrs., 15% GNMA's. Financing: All mortgages secured by property. Results: Aug. Q CFS 58c v. 47c; EPS 21c v. 12c; Div. Feb. monthly 16.84c unchanged & about 78% taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 2 -CONT ILL PRÖP (1/16/6-Equity-Oct FY) Port.: \$189M, 1% foreclosed & nonearning; Mix: 66% apts. with 5,791 units, 30% in 5 shop. ctrs. Financing: 0.9 leverage; \$34M bank lines & \$71M mortgages on property. Results: Oct. FY \$2.12; Oct. Q EPS 11c v. \$1.46 incl. 6c gain on currency rates & \$1.33 loss. prov. recovery; CFS 25c v. 35c before gain; Div 32c unch. Shares: Limited upside
- 4N-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) CAN END REIT Port.: \$266M, 76% nonearn; 22% foreclosed; Mix: 28% condos, 22% apts, 18% land. Financing: High leverage; \$192M at 4% minimum inter. plus contingent inter., maturing 6/1/77; renege. lower int. Results: Dec. Q EPS d14c v. d42c after 32c loss prov. Bonds: Buyout/swapout speculation. Shares: Trading or very long-term recovery
- 5N-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$621M, 92% problem; 16% foreclosed; 26% condos, 22% recreation, 18% land. Financing: \$90M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: June Q EPS d1c v. d\$4.48 after \$3.82 loss prov. Active SEC probe. Bonds & shares: Avoid
- 4N-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Self-admin. Port.: \$344M, 68% nonearn; Mix: 35% apts., 24% land/devel., 16% hotel/motel. Financing: High leverage; \$149M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/77; Swapping assets. Results: Nov. Q EPS d40c after 96c loss prov. v. d\$2.80 after \$1.39 gain; Bonds & shares: Trading
- 3 -DENVER REIA(1/13/5-Equity-Dec FY) Port.: \$45M, 0 nonearning; Mix, by revenues: 31% apts., 22% shop. ctrs., 22% motel, 21% off. & comm., 4% mtgs.; all Colo. except one Texas apt. Financing: 3.6 leverage; \$28M property mortgages, \$5M debentures. Results: Sep. Q EPS 7c v. 12c; CFS 20c v. 19c, low mtg. amortization; Dec. div. 15c unch.; '76 div 35% tax-free. Shares: Hold for income
- 5N-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port.: \$327M, 59% nonearn, 24% foreclosed; Mix: 45% secondary homesites, 6% primary homesites, 19% raw land, 27% prop. Financing: 3.9 leverage; \$230M loan agree. at 7½% plus contingent interest to 130% prime. Results: Sep. Q EPS d\$1.31 after 19c swap gain v. d\$1.09 aft 14c. Shares: Avoid
- 5N-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port.: \$41M, 94% nonearn, 87% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: \$5M neg. equity; \$20M bank notes called Mar.'76; 3 banks sued 6/76; 5/76 debent. int. not paid. Results: Nov. Q EPS d\$1.39 after 7c gain & 19c loss prov. v. d\$1.39 aft 10c loss prov. Bonds & shares: Avoid
- 2 -EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port.: \$367M, 9% nonearning; Mix: 31% shop. ctrs., 20% tracts and land, 11% office, 6% apts., 8% condos, 9% hotels, 15% other. Financing: 1.8 leverage; \$232M debt is 53% comm. paper, 31% notes, 32% master notes, 3% conv. Results: Jan. Q EPS 59c v. 54c; Div. 55c + 4c yr-end v. 50c. Shares & bonds: Buy for yield plus modest growth
- 3 -FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered. Port.: \$23M, No nonearning; Cash flow 39% apartments, 61% shopping centers; Wash., D.C. area. Financing: 1.1 leverage; \$13.3M debt, all secured mtgs.; Sold 340T shares at 12½ June'76. Results: Dec. FY \$1.16; Dec. Q EPS 34c v. 28c year ago; Mar. Div. 31c unch. Shares: Hold; possible near-term dilution
- 4N-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) NON-QUAL REIT. Port.: \$132M, 74% nonearning; Mix: 22% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 4.2 leverage, \$99M debt renegotiation hinges on major swap. Results: Nov. FY d\$7.30; Nov. Q EPS d\$2.68 v. d\$2.09 after 98c loss prov. Shares: Avoid
- 5N-FIDELITY MI(No review-ST mtg.-Oct. FY) NON-QUAL REIT; Self-adm.; Chap. XI Jan. 1975. Port.: \$195M, 89% nonearn, 54% foreclosed. Mix: 44% commercial, 32% residential, 24% land; 21% Fla., 16% Cal. Financing: \$57M Negative equity; owes \$133M bank debt; Reached preliminary agreement to repay debt at 60% of principal. Results: Oct. FY d\$2.49; Oct. Q EPS d\$1.32 after \$1.07 loss prov. v. 8c Shares: Avoid



## RELATIVE APPEAL RANKINGS - Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 4N-FIRST COMMERCE(12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: \$41M, 80% nonearn; 54% foreclosed; Mix: 34% land, 31% condos & singles; 60% La., 40% other South. Financing: 1.5 leverage; \$29M credit at 117% prime plus ½% of unused. Results: Sept. Q EPS d\$1.90 after \$1.58 loss prov. v. d\$2.56 after \$2.28 loss prov.; Sponsor bought \$14M loans; Shares: Avoid till progress shown
- ↑ 2 -FIRST CONTNL(2/11/7-ST mtg. Feb FY) Port: \$45M, 11% nonearn, 7% foreclosed; Mix: 45% constr. loans, 47% development, 6% land; 88% Tex. Financing: 1.3 leverage; \$32M credit @ ½% over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: Nov. Q EPS 22¢ v. 20¢; div 22¢ v. 20¢; Making new commitments. Shares: Speculative income and recovery
- 5N-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$122M, 83% nonearning; 45% foreclosed; Mix: 22% land, 18% condos-recreation, 16% condos-urban, 11% motels. Financing: High leverage; assets pledged; \$103M credit to 6/30/77, 2% inter. or cash flow + contingent inter. to 125% base rate. Results: Sep FY D\$2.79; Sep. Q EPS \$5.13 after \$1.55 int. reduction & \$3.52 loss prov recovery v. d\$6.18 after \$4.81 loss prov. Shares: Avoid
- 3 -FIRST FIDELITY(No review-Equity-Nov FY) Port: \$32M, 14% nonearning; Mix: 60% shop. ctrs., 25% office; Financing: 3.1 leverage; \$29M secured mtgs. Results: 6 mon. May EPS d20¢; Div. two 7¢ specials. Shares: Speculative recovery/buyout
- 4N-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$78M, 51% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 8.6 leverage; \$52M credit at 6% to 11/30/78, asset swap planned; Results: Aug. Q EPS d49¢ v. d36¢ after 36¢ loss prov. Sold \$8M apt. Shares: Speculative till workout progresses
- 5N-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Self-admin. Port: \$519M, 79% nonearn; 54% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos; Financing: \$58M Neg. equity after pfd. at par; Credit expired 2/77, seek renewal; May offer 50% of par or 5 yr. payout for 8½% debts. maturing 7/1/77. Results: Oct. Q EPS 35¢ after \$1.43 gain & \$1.09 loss prov. v. d83¢ after 32¢ gain & 99¢ loss prov. Bonds: For asset swaps. Shares: Avoid
- 3N-FIRST PENN MT(10/14/4-ST mtg. Jul FY) NON-QUAL REIT. Port: \$184M, 80% nonearn, 56% foreclosed; Mix: 29% condos, 31% comcl. & indust., 12% singles, 19% land; 24% Fla. Financing: 5.4 leverage, \$118M credit at 4% min. cash + accrual to prime + contng. to 130% prime. Results: Oct. Q d58¢ v. d\$2.29 after \$1.57 loss prov. Converts: Speculative yield. Shares: Trading
- 2 -FIRST UNION(4/9/6-Equity Oct FY) Port: \$165M, 10% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 4.0 leverage; \$134M debt: 66% secured mtg., 22% short, 12% conv.; Sold \$10M preferred; raising \$25M long term. Results: Oct. Q EPS 21¢ v. 26¢; CFS 29¢ v. 28¢; Apr. div. 25¢ unch. Shares & Bonds: Buy for quality income
- 5N-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self administered. Port: \$93M, 63% nonearning; Mix: (Problems) 38% condos, 21% land; 37% Virginia, 30% Fla. Financing: High leverage; \$52M credit to 12/79 at 4% + accrual 125% prime; seeks sub. note int. reduction to 4%. Pledged assets. Results: Sept. Q EPS d72¢ v. d61¢; SEC probe. Bonds & Shares: Avoid, ASE delist
- 5N-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) Port: \$181M, 97% nonearn, 62% foreclosed; Mix: 28% condos, 29% apts., 24% land; 43% southeast, 29% midwest; Financing: 15.6 leverage, \$137M bank debt @ 1% to 5/80. Results: Dec. FY d98¢; Dec. Q EPS 80¢ after 54¢ tax credit & \$1.10 gain v. d29¢ aft 2¢ loss prov. No 1975 auditor's opinion. Shares: Avoid
- 2N-FLATLEY RLTY(11/26/6-Eq&Mtg.-June FY) Self-admin. Port: \$20M, 45% nonearn; 44% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 94% equity, 6% loans. Financing: 2.4 leverage, \$16M debt is 87% secured mtgs. Results: Sept. Q EPS 4¢ v. 77¢ after 85¢ loss prov. recovery. Shares: Buy pending workout progress, recovery toward book value possible
- 2 -FLORIDA GULF(5/14/6-Equity-Apr FY) Port: \$32M, one vacancy caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; 92% Florida. Financing: 1.1 leverage; \$17M debt all secured mtgs. Results: Jan. Q EPS 14¢ v. 13¢ in '76; CFS 32¢; div. 32¢ unch., 55% tax-free; One vacant Grant leased for early '77. Shares: Buy for yield; limited growth
- 3N-FRANKLIN RLTY(12/10/6-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$35M, some vacancies; Mix: 86% equity, 14% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; \$29M debt: 59% secured, 23% short, 18% conv. Results: Dec. Q EPS d5¢ v. d20¢ after 9¢ writedown. \$9M loans sold. Converts: Hold. Shares: Buyout
- 3 -FRASER MTG(11/26/6-ST mtg.-May FY) Port: \$48M, 18% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.1 leverage; \$36M debt short term; Results: Nov. Q EPS 24¢ after 7¢ loss prov. v. 25¢ after 3¢ loss prov.; div. 25¢ unch. Shares: Hold for recovery
- 1 -GENERAL GROW(5/14/6-Equity-Sep FY) Port: \$257M, 0 problems; Mix: 74% shop. ctrs. (major Midwestern malls), 18% apts., 8% motels; \$18M apts. sold. Financing: 5.4 leverage; \$217M debt: 85% secured mtgs. Results: Dec. Q EPS 28¢ v. 31¢; CFS 36¢ v. 38¢; Div. 35¢ unch., over 50% tax-free. Shares: Buy longer term growth, unique development ability
- 3N-GOULD INVST(3/10/5-Equity-Sep FY) Port: \$43M, 13% nonearning; Holdings: 84% equity, 16% mtgs. Properties- NYC office (19% of port.), 6 apts., 9 shop. ctrs.-strips, 8 restaurants, 7 land leasebacks. Financing: 4.6 leverage; \$36M debt, 87% secured mtgs. Results: Dec. Q CFS 20¢ before 11¢ gain v. 8¢ + 8¢ gain; EPS 8¢ before 11¢ gain & 4¢ credit v. d17¢ after 9¢ gain. 1976 yearend div. 10¢. Shares: Avoid
- 3 -GREIT RLTY(8/8/5-Equity-Oct FY) Port: \$40M, 1% nonearning; Mix: 58% shop. ctrs., 31% offices & urban stores, 8% apts., 3% mtgs. Financing: 2.6 leverage; \$27M debt: 97% secured mtgs. Results: Jan. Q EPS 15¢ v. 12¢; Oct. FY 58¢ after 13¢ loss prov; CFS 25¢ v. 19¢; Apr. div. 10¢ unch.; Est. under 50¢ EPS in 1977 FY. Shares: Speculative income
- 5N-CRT AMER M&I(3/11/4-ST mtg- Jul FY) NON-QUAL REIT. Self-admin. Port: \$350M, 94% nonearning; Mix: 42% apts., 14% condos, 18% land. Financing: \$53M neg. equity; \$273M credit @ 1% w/contin. inter.; Debt reorganization held up, acceptance in doubt; Deb. int. missed. Results: Oct. Q EPS 44¢ after \$1.51 swap gain v. d66¢; No auditor opn. Shares: Avoid Bonds: Avoid
- 5N-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Self-admin. Port.: \$328M, 77% nonearn, 45% foreclosed; Mix: 33% land, 22% condos, 11% apts., 15% hotel/motel. Financing: \$31M Neg. equity; \$360M credit w/contingent inter.; \$122M swapped; seeks repayment extension. Results: Nov. Q EPS \$1.48 after \$3.91 gain & \$1.53 loss prov. v. d\$1.15 after 73¢ loss prov. & 45¢ gain. Bonds: Buyout candidate. Shares: Trading; NYSE suspended
- 3N-GULF MTG&RLY(2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port.: \$127M, 62% nonearning; Mix: 35% apts., 22% land, 16% motels, 10% offices; 74% Southeast. Financing: 7.9 leverage; \$66M credit to 7/17/78 at 2% to 5/77, 4% after; plus contng. inter. to 125% prime for 5 yrs. Results: Nov. Q d26¢ v. d77¢ after 27¢ loss prov. Bonds: Hold for now Shares: Avoid
- 4N-HAMILTON INV(11/12/3-ST mtg.-Dec FY) NON-QUAL REIT. Self-admin. Port: \$117M, 43% nonearn, 13% low; Mix: 50% apts., 14% condos, 12% offices, 10% shop. ctrs.; 24% Okla., 20% Fla. Financing: 6.5 leverage; \$86M credit @ 3½% or net income w/contingent inter. to 130% prime, forgiven 8/86. Results: Dec. Q EPS d33¢ after 24¢ gain & 69¢ loss prov. v. d10¢. Shares: Avoid for now
- 3N-HANOVER SQ RL(12/10/6-ST mtg.-Aug FY) Port.: \$44M, 26% nonearn, 22% low-earn; Mix: 61% residential, 21% shop. ctrs., 11% offices, 8% land; 29% NY, 18% Fla., 17% No. Car. Financing: 2.8 leverage, \$30M credit @ 124% prime. Results: Nov. Q EPS d17¢ after 19¢ past due interest v. d33¢. Converts: Speculative income buy. Shares: Buy/hold for recovery
- 4N-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$179M, 50% nonearning; Mix: 32% shop. ctrs., 25% condos, 18% offices, 16% apts., 8% hotels; 28% Ill., 13% other Midwest, 20% Cal. Financing: 12.4 leverage; \$125M credit @ 4% w/contng. interest; \$27M swap. Results: Sept. Q EPS 4¢ after 15¢ loss prov. v. 14¢ after 17¢ loss prov. & 25¢ swap gain. Converts: High risk hold. Shares: Avoid



## RELATIVE APPEAL RANKING - Continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 4N-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$118M, 67% nonearning; 41% foreclosed; Mix: 24% condos, 16% land, 14% apts., 14% offices, 13% hotels, 9% entertainment ctr.; Financing: 7% leverage, \$86M credit to 2/78 at 5% with contingent inter. Results: Oct. Q EPS d57c v. d28c after 4c loss prov. To swap up to 60%, bids for \$10M. Converts: Buyout. Shares: Avoid
- ↑ 3 -HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: \$35M, 44% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.4 leverage; \$10M bank debt. Results: Nov. Q EPS 20c v. 15c; div 15c unch. Shares: Trading, long recovery.
- 3 -HOTEL INVESTOR(2/25/7-Eq&Mtg.-Aug FY) Self-adm. Port.: \$81M, 8% nonearn; 4% foreclosed; 48% equity/48% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 2.1 leverage; \$57M debt: 30% secured mtg., 40% long-term, 30% conv. Results: Nov. Q EPS 32c v. d12c after 56c loss prov., CFS 46c; div. 32c v. 35c. Shares & Bonds: Buy/hold speculative income
- 3 -HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$80M, 17% nonearning due to Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; Lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Jan. Q EPS 35c v. 37c; div. 30c unch.; 5 of 11 Grant stores re-leased, six still vacant. Shares: Fairly priced
- 4N-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$109M, 53% non-& low-earn; 31% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 38% land purch.-leasebacks; Financing: 1.0 leverage; \$53M debt: 45% secured mtgs., bank notes renegotiated into single agreement. Results: Nov. Q EPS d\$3.72 after \$3.60 loss prov. v. 16c; No div. expected soon. Shares: Hold, very long term recovery
- 5N-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$295M, 76% nonearning; Mix: 32% shop. ctrs., 28% land, 13% condos. Financing: \$42M Negative equity; \$118M credit @ 125% prime (\$50M) & 2% (\$68M); Must repay \$50M by 5/31/77; Refusing asset pledge & asking banks to take less than par. Results: Oct. Q d\$13.41 after \$12.59 loss prov. v. d78c. Shares: Avoid, NYSE Trading halt
- 5N-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$148M, 94% nonearning; Mix: 33% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$9M neg. equity; \$120M credit 1% w/conting. inter & 110% collateral, expired 2/28/77; accepted \$21M swaps. Results: Sept. Q EPS d1c after 7c gain v. d\$4.69 after 55c gain & \$3.36 loss prov. Shares: Avoid
- 3N-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$79M, 35% non-earn; Mix of \$45M Mtgs: 30% residential, 22% apts. & condos, 28% long term; of \$33M equities: 35% offices, 33% apts. Financing: 5.8 leverage; \$69M debt; \$43M credit to 9/78 @ 6% + 120% prime contingent. Results: Dec. Q EPS d\$2.55 after \$2.40 loss prov. v. d77c; Shares: Hold, tender target
- 4N-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$161M, 77% nonearning; Mix: 26% apts., 17% condos, 40% land; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.6 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: Oct. Q EPS d95c after 62c loss prov. v. d78c after 48c loss prov. Bonds: Trading & speculative income. Shares: Trading
- 2N-INVESTOR RLTY(8/8/5-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$57M, 15% low earn. Mix: 60% apts., 15% shop. ctrs.; type: 88% owned incl. foreclosures & leasebacks, 12% mtgs. Financing: 2.4 leverage; \$41M debt, 69% secured, \$17M credit extended to 3/78 with restrictions. Results: Nov. Q EPS d10c v. d11c after 4c loss prov. CFS 5c v. 1c. New adviser. Shares: Buy long-term recovery
- 3 -JMB REALTY (8/8/5-Eq&Mtg.-Aug. FY) Port.: \$25M, 1% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 52% wrap-around mtgs., 18% land leasebacks; Financing: 1.6 leverage; \$6M open lines from banks; Results: Aug. Q EPS 43c v. 30c after 15c loss prov.; CFS 49c v. 36c; Nov. Div. 40c unchanged. Shares: Hold for speculative yield
- 4N-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) CAN END REIT. Port.: \$67M, 98% nonearn; 36% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: Negative equity; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged. 2/1 sub. debt interest delayed. Results: Sep. Q EPS d\$6.60 v. d\$1.38. Sep. FY d\$7.81. Bonds: Final tender at 33 extended to 3/23, \$5M received to 3/1. Shares: Avoid
- 4N-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: \$34M, 89% nonearning; biggest borrower bankrupt; Mix: 35% apts., 23% land & devel., 19% condo; 58% Kentucky. Financing: 4.7 leverage; \$18.5M term loan to 5/1/78 at prime; in renege; Seeking default waiver. Results: Nov. Q EPS d\$2.06 v. d26c. Shares: Limited speculative interest
- 5N-LMI INVESTORS (2/13/6-ST mtg.-June FY) NON-REIT PWR. Port.: \$157M, 86% nonearning; Mix: 25% apts., 16% office, 13% shop. ctrs., Financing: High leverage; \$102M credit to 12/81-inter. reduct. + accrual to prime payable at 2% or cash flow to maturity. Oct. deb. int. late, 60% tendered at 30; pledging assets. Results: Dec. Q EPS \$4.81 after \$5.48 gain v. d\$1.34. Qualified auditor's opinion. Bonds: Tender expired. Shares: Avoid
- 4N-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) NON-QUAL REIT. Self-admin. Port.: \$32M, 77% non & low earn; 64% foreclosed; Mix: 74% apts, 11% one family & mobiles. Financing: 12.9 leverage; \$13.7M credit with banks 1/2 over prime, requiring asset sale over several years. Results: Dec. Q EPS d10c after 55c gain & 26c loss prov. v. d10c aft 54c gain & 26c loss prov. Bonds & shares: Avoid
- ↑ 2 -LOMAS & NETTLETON MTG (2/11/7-ST mtg.-June FY) Port.: \$228M, 31% nonearn; 21% foreclosed; Mix: 33% land acq. & devel., 8% single-family; 50% Texas. Financing: 1.1 leverage; Borrowers short & L/T from banks; \$35M term notes to 6/80 at 110% prime. Results: Dec. Q EPS & Div. 21c unchanged. Shares: Longer term recovery potential
- 3 -M&T MTG INV (2/11/7-ST mtg.-Aug FY) Port.: \$40M, 4% nonearn; 3% foreclosed; Mix: 64% const. & devel., 26% 1-family permanent; all Texas. Financing: 1.6 leverage; \$25M bank borrowings, partly secured; sponsor provides compensating balances; \$10.6M unfunded commitments.; Results: Nov. Q EPS 28c after 2c loss prov. v. 25c; Div 26c unch. Shares: Buy for stable yield
- ↑ 2N-MARYLAND RLTY (No review-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$21M, 37% non- & 26% low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 2.0 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: Nov. Q EPS 11c v. 2c after 16c gain; Nov. FY d38c. Shares: Recovery speculation
- 2 -MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$205M, 12% non- & 6% low-earning; Mix: 35% shop. ctr. & retail, 27% apts.; 77% long-term mtgs. Financing: 1.3 leverage; \$43M borrowed under \$70M bank lines; \$71M subor. convert. debts. Results: Oct. Q EPS 27c after 5c loss prov. v. 27c; Div 27c unch. Oct. FY EPS \$1.09. Converts: Safe yield. Shares: Buy/hold
- 4N-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT. Port.: \$111M, 61% non- & low-earning; Mix: 34% apts., 27% condo, 14% land. Financing: High leverage; \$80M credit to 9/78 with 3 1/2% cash interest & accrual at 125% of prime; \$22M swap bids. Results: Dec. Q EPS d49c v. d51c after 5c loss prov. & 2c gain. Bonds: Speculative yield. Shares: Trading interest
- ↑ 2 -MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port.: \$29M, 15% nonearn; 12% foreclosed; Mix: 56% shop. ctrs owned, 23 1/2% land; Mostly Tex. Financing: 2.2 leverage incl. mtgs.; \$7.2M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$13.3M mtgs. on prop. Results: Nov. Q EPS 18c after 2c gain v. 2c; Feb. Q improved. 15c div. resumed in Mar. Shares: Buy for LT recovery
- 4N-MISSION INV (11/12/3-ST mtg.-Nov FY) CAN END REIT. Self-admin. Port.: \$36M, 74% nonearning; Mix: 36% land & devel., 26% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8 1/2%) to Feb. '77, being renege. Assets pledged. Results: Nov. Q EPS d30c v. d17c after 2c loss prov.; Nov. FY EPS d54c. Shares: Trading/ very long recovery
- ↑ 2 -MONEY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$231M, 10% non- & 4% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 44% LT mtgs.; Making new commitments. Financing: 1.7 leverage; \$115M bank lines at prime; \$56M comcl. paper; Results: Nov. Q EPS 19c v. 20c; Div. 23c v. 30c incl. cleanup. Convertibles: Safe yield. Shares: Hold for long-term



## RELATIVE APPEAL RANKING - Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 3 -MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$41M, 16% nonearning, 56% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.5 leverage, \$9.4M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: Nov. Q EPS 1c v. 6c before 10c gain on convert. note repurchase; div. 12c unch. Shares: Spec. buy/hold for long-term recovery
- 4N-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$104M, 52% nonearn; 27% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.2 leverage; \$53M at 11 1/2% of 1/2% over prime, agreed to 3/30/77; No comp. balances. Results: Sep. Q EPS d32c after 39c LRP v. d31c after 10c LRP; Qualified auditor's opinion; SEC probe dormant. Bonds & shares: Avoid
- 3N-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$137M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91 1/2M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: Nov. Q EPS d13c after 12c loss prov. v. d44c after 6c loss prov.; Nov. FY EPS d\$1.51. Shares: Buy/hold for recovery
- 5N-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT. Port.: \$60M, 74% non, 11% low earning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: \$11T Neg. equity; \$29M secured credit; default on debenture interest; Chapter XI settlement confirmed. Results: Nov. Q EPS d33c after 22c loss prov. v. d50c after 32c LRP. Shares: Avoid
- 3 -NATIONWIDE RE (12/9/4-ST mtg.-Mar FY) Port.: \$43M, 33% non- & low-earning; Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.8; Reduced bank lines to \$39M; Results: Dec. Q EPS 5c v. 4c after 12c loss prov. Div. 4c unch. New commit. rising. Convertibles: High yield. Shares: Speculative long-term recovery
- 2 -NEW PLAN REALTY (6/11/6-Equity-July FY) Self-admin. Port.: \$19M, 8% non- & low-earning; Mix: 71% shop. ctrs. owned, 14% residential. Financing: 6.7 leverage; Debt 66% mtgs. on prop., 33% sub. debent. Results: July FY EPS 91c v. d92c; monthly div 7 1/2c, unch.; July FY CFS \$1.06. Shares: Buy/hold for income
- 5N-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Self-admin. Port.: \$71M, 73% nonearning; Mix: 43 1/2% motor lodges/restaurants, 27 1/2% condos, 13% apts. Financing: \$6M Negative equity; \$59M credit ext. to 4/15/77; Tendering for all debentures at 22; not likely to pay inter. Results: Nov. FY EPS d29c after \$7.99 gain. Bonds & shares: Avoid
- 4N-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$163M, 31% non- & 33% low-earn; 39% foreclosures; Mix: 42% apts., 24% condos, 11% land & devel. Financing: 2.0 leverage; \$114 1/2M open bank lines. Results: Sep. Q EPS d36c after 17c LRP v. d8c; Div. 5c to recordholders 10/29 last from '75 taxable income; Omitted Dec. div. Bonds: Safe yield. Shares: Recovery potential
- 3N-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL REIT. Port.: \$51M, 50% nonearn; 32% foreclosed; Mix: 15% apts., 15% office, 14% land, 36% inter-long; 50% N. Caro. Financing: 1.0 leverage; \$27M revolving credit at 1/2% over prime, expires Aug. 31, '77 Results: Sept. Q EPS d11c after 7c loss prov. v. d39c after 35c loss prov. Shares: Recovery speculation long term
- ↑ 2 -NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$251M, 9% non- & 8% low-earn; 11% foreclosed; Mix: 23% office, 24% shop. ctrs., 13% apts.; 59% permanent mtgs. Financing: 1.9 leverage; \$118 1/2M open bank lines; \$30M comcl paper. Results: Dec. Q EPS 22c v. 19c; Div 25c unch. Converts: Safe. Shares: Buy long term
- 3N-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port.: \$30M, 12% nonearning; Mix: 16% shopping center, 16% office & industrial. Financing: 2.9 leverage; \$5M open bank lines at prime, plus \$7 1/2M term loan. Results: Dec. Q EPS d31c after 45c loss prov. v. d22c; Dec. FY d\$1.26. Agreement: Sponsor Old Stone Corp. to exch. \$7, 10% convt. pfd. for shares by 3/31/77. Shares: Buy/hold
- ↑ 2 -PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-admin. Port.: \$10M, 22% nonearn; Mix: 61% comcl., 18% condo/townhouse; Plans equity investments. Financing: No borrowings. Results: Dec. Q EPS 17c v. 16c. Dividend: 15c unch. Shares: Long-term recovery or buyout candidate, plus speculative yield
- 2 -PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: Nov. Q EPS 29c v. 35c; CFS 39c v. 39c; Div 57 1/2c semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 4N-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) NON-QUAL REIT. Self-admin. Port.: \$35M, 77% nonearn; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 15% land leasebacks. Financing: 6.4 leverage, incl. \$15M mtgs.; Negotiating \$9M credit, Interest past due 3/1/76, bank demanding repayment. Results: Sep. Q EPS d54c after 27c loss prov. v. d23c. Shares: Avoid or trade only
- 3 -PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: \$122M, 22% non & low earning; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.8 leverage; \$66M bank lines; \$23M comcl paper. Results: Dec. Q EPS 13c v. 10c; Div. 10c unchanged. Maintaining portfolio size. Shares: Long-term recovery, possible dividend uptick
- ↑ 2 -PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$82M, 22% nonearning; Mix: 34% apts., 30% office, 20% shop. ctrs.; 45% leasebacks, 37% LT mtgs. Financing: 1.7 leverage; Bank borrowings cut to \$19 1/2M at 1/2% over prime. Results: Jan. Q EPS & div. 30c, unchanged. Shares: Buy-hold for yield & long term recovery
- 3 -PROPERTY TRUST OF AMER (2/11/7-Eq&Mtg.-Dec FY) Self-admin. Port.: \$33M, 35% non & low-earn; 23% mtgs., 17% foreclosed, 60% acq. property; Mix: 46% apts., 20% office, 15% shop. ctrs.; 83% Texas. Financing: 0.8 leverage, all \$15M mtgs. on property. Results: Dec. Q EPS 1c before 15c cap. loss; CFS Sep. Q 5c; Div. Mar. 5c unch. Shares: Hold for speculative recovery and modest income
- ↑ 2 -RLTY & MTG OF PACIFIC (RAMDAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$86M, 15% non- & low-earn; Mix: 70% loans: 23% hotel/motel, 13% office, 16% apts.; 30% equity; 47% Calif., 13% Hawaii. Financing: 1.5 leverage; \$23M commercial paper backed by \$24M open lines; \$9M under \$15M term credit to Nov.'77. Results: Feb. Q EPS 25c v. 32c after 9c prepayment. Div. 28c v. 29c. Converts & shares: Hold
- 3 -REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$45M, \$11M shopping center 88% leased; Mix: 42% shop. ctrs., 24% office, 19% industrial; 46% Calif., 13% Mass.; Expanding \$11M Sacramento center, leasing slower than expected. Financing: 0.4 leverage, all mtg. debt. Results: Nov. FY \$1.15; Nov. Q EPS 25c v. 25c incl. 1c gain; Div. 30c v. 35c. Shares: Hold LT
- 2 -REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-admin. Port.: \$78M, 38% non- & low-earn; 46% foreclosed; Mix: 26% apts., 28% office. Financing: 2.8 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2% over prime to '77-80. Results: Jan. Q EPS d47c after 53c loss prov. v. \$2.27 after \$2.92 gain; div. 35c unch. paying cap. gains; deprec. rising. Converts: Yield. Shares: Buy/hold LT
- 3 -REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$51M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17.2M credit at 1/2% over prime, ending Dec.'79, & \$15M at 1 1/2% over prime ending July'80. Results: Jan. Q EPS & div. up 4c to 56c. No loss prov. Jan. FY \$2.15. Shares: Hold; EPS sensitive to prime
- 4N-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$68M, 78% nonearning; Mix: 27% land acq. & devel., 26% condo, 11 1/2% townhouse. Financing: 3.4 leverage; \$36.7M credit to 6/30/77 at 2% cash plus contingent inter.; Results: Sep. Q EPS d53c v. d85c after 67c gain & \$1.02 LRP. Shares: Avoid
- 2 -RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$22M, 2% nonearning; Mix: 37% apts., 23% office, 16% motel; 44% D.C. area, 42% Indiana. Financing: 2.4 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2% over prime. Results: Sep. Q EPS 63c after 46c gain v. 18c; CFS 26c before gain v. 28c; Dec. Div. 25c unch. Shares: Buy/hold more speculative yield



## RELATIVE APPEAL RANKING - Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 3 -SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$64M, 26% nonearn; Mix: 50% office, most bank-occupied; 21% apts. Financing: 1.3 leverage, 65% by mtgs. on prop. Results: Dec. Q EPS 20¢ v. 13¢ after 39¢ loss prov. & 10¢ gain; CFS 32¢ v. 16¢; Dec. div resumed with 15¢ from 1976 taxable indicating 60¢ payout. Shares: Hold
- 4N-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$312M, 16% non- & 38% low-earning; Mix: 29% deliberately acquired prop., 37% foreclosures held for invest., 28% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 6.2 leverage; \$178M revolver at 1-1/8% over prime + 10% comp. balances thru 3/77; Results: Dec. Q EPS d44¢ v. d62¢ after 17¢ loss prov. Bonds & converts: For yield. Shares: Long-term recovery or buyout
- 3 -SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$162M, 35% non & low earning; Mix: 39% one-family home improvement second mtgs., 45% commercial mtgs., 16% mtgs. on medical facilities; Settlement completed with servicer of \$28M, \$4M loss. Financing: 3.0 leverage; \$55M short term at 120% of prime to Aug.31 '77; Results: Dec. Q EPS 7¢ after 12¢ gain v. d\$1.18 after 62¢ loss & 34¢ loss prov. Bonds: Attractive for yield, 7½ high-grade speculation. Shares: Trading
- 4N-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$115M, 68% nonearn; Mix: 10% condos, 35% apts.; 14% land. Financing: \$2M neg. equity; \$67M credit expired July 31 & renegotiating for low inter.; Results: Dec. Q EPS d76¢ v. d\$1.65 after \$1.13 loss prov. Tender: Proposed tender for 9% sr. notes at 72.5. Advisory termination postponed. Bonds: Buyout. Shares: Risky
- 3N-SUMMIT PROP (6/25/6-Equity-Oct FY) NON-QUAL REIT on 5/1. Port.: \$50M, 7% low earn; Mix: 46% shopping centers; rented one of 4 Grant stores; Financing: 3.4 leverage; \$4M secured bank debt extended to 5/79 @ 2% over prime. Results: Oct. Q EPS d23¢ v. d10¢ after 4¢ cap. gain; CFS 18¢ v. d2¢ before 23¢ cap. gain; Oct. FY EPS d40¢. Shares: Buy for long-term recovery
- 3N-SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$74M, 18% non- & 25% low-earn; 37% foreclosed; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.1 leverage; \$43M credit lines incl. \$5.4M backup for comcl paper; Results: Dec. Q EPS 1¢ after 1¢ loss prov. & 3¢ gain v. 1¢ aft 13¢ loss prov. Sees FY'77 profit. Made \$2M new commitments. Converts: Safe yield. Shares: Buy L/T recovery
- 5N-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$41M, 100% non-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: \$5M Negative equity; Negot. credit at 1% + contng. inter.; swapped many assets; Results: Sep. Q EPS d30¢ v. d29¢. No auditor's opinion 1976. Shares: Avoid; essentially in liquidation; May merge into sponsor
- 4N-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Self-adm. Port.: \$28M, 81% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 1.8 leverage; \$27M credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; \$6M Assets swapped; Results: Dec. Q EPS 88¢ after 63¢ gain & 28¢ tax credit v. d5¢. Shares: Speculation on Texas land recovery
- 4N-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$63M, 85% nonearn; Mix: 41% apts., 18% undevel. land; heavy Okla.; Financing: 11.1 leverage; \$37M credit at 5% minimum inter. plus deferrals, to Dec.'76; initiating swaps. Results: Dec. Q EPS d4¢ v. d31¢ after 6¢ loss recovery. Shares: Speculative recovery
- 4N-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$226M, 74% nonearning; Mix: 36% land & devel., 9% apts., 9% condos; 38% foreclosed; 25% Ga., 21% Tex., 18% Fla.; Financing: High leverage; \$154M credit at 4% cash inter., + contng. inter.; Swapped \$55M in 1976; \$29M repay. ext. to 3/31. Results: Dec. Q EPS 52¢ after \$2.30 gain v. d66¢. Bonds: Possible tender. Shares: Avoid
- 4N-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL REIT. Self-adm. Port.: \$133M, 46% nonearn; Mix: 23% condos, 21% apts., 18% shop. ctrs., 15% office; Financing: 11.5 leverage; \$86M credit to 8/79 at 6% + contingent int.; \$2.8M bank suit settled. Results: Nov. Q EPS d74¢ v. d\$1.38 after 66¢ loss prov. Shares: Speculative possibilities, some prop. recovering
- 2 -UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$87M, 38% non- & low-earning; Mix: 21% GNMA's (pledged), 25% office, 18% apts.; Financing: 0.3 leverage; Pledged GNMA's to repay banks \$14M; Results: Nov. Q EPS 17¢ with no loss prov. v. 16¢ after 2¢ loss prov.; Div. 18¢ v. 16¢. Shares: Buy for benefits from gradual problem loan solution
- 2N-US BANCORP TRUST (2/25/7-Eq&Mtg.-May FY) Port.: \$63M, 26% nonearn & 12% low; 27% foreclosed; Mix: 45% prop. owned or under construction, half indust., half office; Financing: 3.4 leverage; \$36M credit to 12/77, same interest; Results: Nov. Q EPS d29¢ v. d41¢ after \$1.03 loss prov.; CFS d12¢ v. d17¢. Converts: Low but safe yield. Shares: Long term recovery, good equity base
- 3N-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$117M, 22% nonearn & 15% low; Mix: 48% mtgs., 46% owned property, 6% joint ventures; Financing: 7.0 leverage; seeks low rate and swaps on bank debt; Results: Sep. Q EPS d38¢ after 9¢ loss prov. v. d48¢ after 23¢ loss prov.; CFS d25¢ v. d36¢. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- ↑ 2 -VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$42M, 17% nonearning; Mix: 70% property, 13% mtgs.; 17% foreclosed; Financing: 2.3 leverage, 68% mtgs. on property; \$8M bank term loan at 3% over prime extended to Mar. 31, '81; assets pledged. Results: Dec. Q EPS 22¢ incl. 8¢ recovery v. 11¢; Sep CFS 22¢ v. 16¢; Div. 10¢ 2/28 from 1977 taxable income; Shares: Long term recovery, dividend uptick
- 3N-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$127M, 73% nonearn; 37% foreclosed; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.9 leverage; \$85M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Nov. Q EPS d31¢ after 12¢ loss prov. v. d\$1.44 after \$1.08 loss prov. Shares: Very long term recovery
- 4N-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$53M, 54% nonearn; 50% equity. Mix: 25% industrial, 15% one-family; 15% land, 12% mobile, 12% office; 49% Fla. Financing: 3.1 leverage; \$24½M 2-yr credit @ 117% prime; Results: Oct. Q EPS d30¢ v. d\$3.83 after \$3.92 loss prov. Shares: Long recovery, must restructure low earning property now net leased
- 2 -WASHINGTON REIT (5/14/6-Equity-Dec FY) Port.: \$28M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: Dec. Q EPS 40¢ v. 41¢; Sep. CFS 46¢ v. 48¢; Mar. div 44¢ unch. Shares: Hold for income, top quality assets
- 3 -WELLS FARGO MTG (12/10/6-ST mtg.-June FY) Port.: \$173M, 12% non- & 25% low-earning; Mix: 43% apts., 12% development, 7% condo. Financing: 1.4 leverage; Borrowers under \$17½M open lines backing \$79M commercial paper; New commitments. Results: Dec. Q EPS 27¢ after 8¢ recovery v. 11¢; div 20¢ incl. 8¢ cleanup v. 12¢. Shares: Buy/hold for recovery
- 3N-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$21M, 26% nonearning, 8% partial earning; Mix: 24% land acq. & devel., 20% apts., 15% one-family, 14% office. Making new commitments. Financing: 2.0 leverage; \$11½M revolver at ½% over prime, plus \$2½M from banks payable over 2½ yrs. Results: Nov. Q EPS d15¢ v. d12¢. Shares: Trading
- 2N-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$39M, 10% nonearning; Mix: 86% property, 9% foreclosures, 4% mtgs. Financing: 4.4 leverage, most mtg. debt; \$8M comm. paper. Results: Sep. Q EPS 2¢ after 10¢ gain v. d70¢ after 6¢ gain & 69¢ settlement loss; No div. Sold \$11M prop. 1/77. Shares: Speculation on turnaround by new management

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.